

OVERSIGHT BOARD  
SUCCESSOR AGENCY  
TO THE WEST HOLLYWOOD  
COMMUNITY DEVELOPMENT COMMISSION  
UNFINISHED BUSINESS

MAY 21, 2012

SUBJECT: APPROVE RECOGNIZED OBLIGATION PAYMENT  
SCHEDULE FOR THE PERIOD FROM JANUARY 1, 2012  
THROUGH JUNE 30, 2012

INITIATED BY: SUCCESSOR AGENCY  
(Elizabeth Savage, Acting Director - Rent Stabilization and  
Housing) *ES*  
(David Wilson, Interim Director - Finance) *DW*  
(John Leonard, Project Development Administrator) *JRL*  
(Beth Rosen, Information Technology Management Analyst) *BR*

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STATEMENT ON THE SUBJECT:

The Oversight Board will consider approval of the Recognized Obligation Payment Schedule for the period from January 1, 2012 through June 30, 2012.

RECOMMENDATION:

Adopt Resolution No. --- "A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR AGENCY TO THE WEST HOLLYWOOD COMMUNITY DEVELOPMENT COMMISSION ADOPTING RECOGNIZED OBLIGATION PAYMENT SCHEDULES PURSUANT TO HEALTH AND SAFETY CODE SECTION 34180"

BACKGROUND ANALYSIS:

On May 10, 2012, the Oversight Board for the Successor Agency to the West Hollywood Community Development Commission ("Oversight Board") met and reviewed the Successor Agency draft Recognized Obligation Payment Schedule, for the period August 2011 through June 30, 2012 ("ROPS").

On May 7, 2012, the Successor Agency received a letter from the County of Los Angeles Chief Executive Office, which included a memorandum providing recommended changes to the ROPS ("Seifel Memorandum"). Successor Agency staff reviewed the memorandum prior to the May 10, 2012, meeting and notified the Oversight Board they were in agreement with the recommended changes in the Seifel Memorandum. Attachment A, the revised ROPS, includes these changes, as well as other suggestions and comments provided by the Oversight Board. Back-up documentation for the items listed on the ROPS was provided to the Oversight Board as part of the May 10, 2012, agenda packet, for

AGENDA ITEM IV.2.

this reason, these items have not been included as attachments again. However, these items can be provided upon request. The following provides brief descriptions of the enforceable obligations listed on the revised ROPS, as well as the changes made to the original ROPS.

**Enforceable Obligation Detail - January 1, 2012 through June 30, 2012**

- 1a) 2003 Tax Allocation Bond Debt Service (Non-Housing Principal) – Non-housing portion of principal repayment; due on September 1 of each year.

Payments Due/Made: None  
Payment Source: n/a

- 1b) 2003 Tax Allocation Bond Debt Service (Non-Housing Interest) – Non-housing portion of interest payment; one half of the interest payment is due on March 1 and September 1 of each year.

Payments Due/Made: \$187,254.61  
Payment Source: Existing fund balances of the former  
RDA ("Reserve Balances")

- 1c) 2003 Tax Allocation Non-Housing Bond Fees – Bond fee payment for non-housing portion; due on September 1 of each year.

Payments Due/Made: None  
Payment Source: n/a

- 1d) 2003 Tax Allocation Bond Debt Service (Housing Principal) – Housing portion of principal repayment; due on September 1 of each year.

Payments Due/Made: None  
Payment Source: n/a

- 1e) 2003 Tax Allocation Bond Debt Service (Housing Interest) – Housing portion of interest payment; one half of the interest payment is due on March 1 and September 1 of each year.

Payments Due/Made: \$81,905.39  
Payment Source: Reserve Balances

- 1f) 2003 Tax Allocation Housing Bond Fees – Bond fee payment for housing portion; due on September 1 of each year.

Payments Due/Made: None  
Payment Source: n/a

- 2a) 2011 Tax Allocation Non-Housing Bonds Series A Debt Service (Principal) – Principal repayment for non-housing bonds; due on September 1 of each year. The Series A Tax-Exempt Bonds were issued on March 2, 2011, with proceeds in the amount of \$30,560,000. The Series A Bond proceeds are encumbered for Phase 1 of the Plummer Park Master Plan, pursuant to the bond covenants contained in the Bond Official Statement “Plan of Finance”; see ROPS items 8a and 8b.

Payments Due/Made: None  
Payment Source: n/a

- 2b) 2011 Tax Allocation Non-Housing Bonds Series A Debt Service (Interest) – Interest payment for non-housing bonds; one half of the interest payment is due on March 1 and September 1 of each year. The Series A Tax-Exempt Bonds were issued on March 2, 2011, with proceeds in the amount of \$30,560,000. The Series A Bond proceeds are encumbered for Phase 1 of the Plummer Park Master Plan, pursuant to the bond covenants contained in the Bond Official Statement “Plan of Finance”; see ROPS items 8a and 8b.

Payments Due/Made: \$1,041,150  
Payment Source: Reserve Balances

- 2c) 2011 Tax Allocation Non-Housing Bonds Series A Bond Fees – Bond fee payment for non-housing bonds; due on March 1 of each year.

Payments Due/Made: \$1,849.70  
Payment Source: Reserve Balances

- 3a) 2011 Tax Allocation Housing Bonds Series B Debt Service (Principal) – Principal repayment for housing bonds; due on September 1 of each year. The Series B Bonds were issued on March 2, 2011, with proceeds in the amount of \$9,420,000. The Series B Bond proceeds are encumbered for low and moderate income housing projects within the East Side Project Area, pursuant to the bond covenants contained in the Bond Official Statement “Plan of Finance”; see ROPS items 5a, 5b, 6b, 6c, and 7.

Payments Due/Made: None  
Payment Source: n/a

- 3b) 2011 Tax Allocation Housing Bonds Series B Debt Service (Interest) – Interest payment for housing bonds; one half of the interest payment is due on March 1 and September 1 of each year. The Series B Bonds were issued on March 2, 2011, with proceeds in the amount of \$9,420,000. The Series B Bond proceeds are encumbered for low and moderate income housing projects within the East Side Project Area,

pursuant to the bond covenants contained in the Bond Official Statement "Plan of Finance"; see ROPS items 5a, 5b, 6b, 6c, and 7.

Payments Due/Made: \$413,806.25  
Payment Source: Reserve Balances

- 3c) 2011 Tax Allocation Housing Bonds Series B Bond Fees – Bond fee payment for housing bonds; due on March 1 of each year.

Payments: \$1,849.70  
Payment Source: Reserve Balances

- 4) City Advance and Reimbursement Agreement - On June 3, 1996, the Community Development Commission ("CDC") approved an advance and reimbursement agreement with the City of West Hollywood ("City") for administrative and overhead expenses associated with the CDC. Since the Agency's only project area, the East Side Project Area, was adopted on June 2, 1997, the City has made various advances to the CDC, and the CDC has made various reimbursements to the City, pursuant to the agreement. As of June 20, 2011, the remaining balance due to the City from the CDC for administrative and overhead expenses was \$25,750.

Payments: \$25,750  
Payment Source: Reserve Balances

- 5a) ALA – Janet Witkin Center Project (Affordable Housing Loan) – Financing for a seventeen (17) unit very-low income senior housing project located at 937 North Fairfax Avenue. The loan agreement was executed on April 5, 2011, in the amount of \$2,482,025. When the loan is funded, 2011 Series B Housing Bond proceeds will be used. It is anticipated the loan will be funded during the next ROPS period, July 1, 2012, through June 30, 2012.

Payments: None  
Payment Source: n/a

- 5b) ALA – Janet Witkin Center Project (Oversight [Employee] Costs) – Direct employee costs to manage and oversee the terms and conditions of the agreement during pre-development and construction, including construction monitoring, to insure prudent and appropriate use of bond proceeds by the contractors and developer.

Payments: \$35,663.64  
Payment Source: 2011 Series B Housing Bond proceeds

- 6a) La Brea Courtyard Project (Pre-Development Loan) – Acquisition and pre-development financing for a thirty-two (32) unit very-low and extremely-low income housing project located at 1145-1151 La Brea Avenue. The loan agreement was executed with the West Hollywood Community Housing Corporation (“WHCHC”) on November 15, 2010, in the amount of \$2,750,000. The loan agreement was structured so that WHCHC would be required to request loan disbursements, as they were needed. The final two loan disbursements were made in January and February 2012.

Payments: \$340,269.94  
Payment Source: Reserve Balances

- 6b) La Brea Courtyard Project (Permanent Financing Loan) – On November 15, 2010, the CDC executed a loan with WHCHC for acquisition and pre-development financing for the project. This second loan for the project would be in the amount of \$3.5 million, and would provide a portion of the permanent financing for the project, once construction is complete. Construction on the project began the week of May 7, 2012. This obligation will be funded from 2011 Series B Housing Bond proceeds.

Payments: None  
Payment Source: n/a

- 6c) La Brea Courtyard Project (Oversight [Employee] Costs) – Direct employee costs to manage and oversee the terms and conditions of the agreements during pre-development and construction, including construction monitoring to insure prudent and appropriate use of CDC funds and bond proceeds by the contractors and developer.

Payments: \$35,663.64  
Payment Source: 2011 Series B Housing Bond proceeds

- 7) West Hollywood Community Housing Corporation – Disabled Access, Maintenance, and Rehabilitation for Affordable Housing Projects – WHCHC has a portfolio of 334 affordable housing units in the City. Most of these units are located in the former East Side Project Area. Several buildings are in need of rehabilitation and renovation, including greater access for the disabled. The \$1,823,938.77 cost for this project will be funded by proceeds from the 2011 Series B Housing Bonds, as encumbered in the bond covenants.

Payments: None  
Payment Source: n/a

- 8a) Phase 1 – Plummer Park Master Plan (Construction Costs – Hard and Soft) – This project is the product of the Plummer Park Master Plan adopted by the City Council on November 21, 1995, and updated by the

City Council on October 4, 2004. The Master Plan was developed through extensive public outreach and the work of the Plummer Park Committee. The Master Plan was included in the Five-Year Implementation Plan adopted by the CDC, as well as the list of the City's Capital Projects. Schematic design drawings for the Park were approved by Council on October 18, 2010. The project will create 179 spaces of underground parking, replacing surface parking, and will also demolish outdated buildings to add an acre of open space to the Park. It will also include extensive landscape and lighting improvements, disabled access, and better security and visibility in the park. Plummer Park is an oasis on the densely populated east side. This project will be completely funded by proceeds from the 2011 Series A Non-Housing Bonds, as encumbered by the bond covenants.

Payments: \$873,779.69

Payment Source: 2011 Series A Non-Housing Bond Proceeds

- 8b) Phase 1 – Plummer Park Master Plan (Oversight [Employee] Costs) – Direct employee costs to manage and oversee the project during pre-development and construction, including construction monitoring to insure prudent and appropriate use of tax-exempt bond proceeds by the contractors and developer.

Payments: \$63,036.54

Payment Source: 2011 Series A Non-Housing Bond proceeds

- 9) FY 11-12 – July 2011 – Jan 2012 Pass-Through Payments – Pass-through payment obligations for tax increment received between July 1, 2012 and January 31, 2012, for fiscal-year 2011-12. At this time, the gross amount of pass-through payments due is known (\$666,612.45). Successor Agency staff anticipates receiving the payment distribution amounts from the City's property tax consultant (HDL) prior to June 30, 2012. Once the payment amounts are received the remaining pass-through payments will be made; staff anticipates this will occur in June.

Payments: \$666,612.45

Payment Source: Reserve Balances

### **Changes from ROPS presented at May 10, 2012 meeting**

#### **Changes Requested in the May 7, 2012, Seifel Memorandum**

- 1) ROPS dates were changed from August 2011 through June 30, 2012, to January 1, 2012 through June 30, 2012.
- 2) Funding sources for each enforceable obligation were added.
- 3) The cooperation agreement between the CDC and City, dated January 18, 2011, was removed.

- 4) Total outstanding debt (principal and interest) for the three tax allocation bonds (2003, 2011A, and 2011B) was added.
- 5) Back up documentation for the three bonds was provided to the Oversight Board as part of the May 10, 2012, agenda packet.
- 6) Back up documentation for the "City Loans" was provided to the Oversight Board as part of the May 10, 2012, agenda packet.
- 7) Back-up documentation for the ALA and La Brea affordable housing loans (items 5 and 6) was provided to the Oversight Board as part of the May 10, 2012, agenda packet.
- 8) Administrative costs were removed from the ROPS and instead included on the Successor Agency Administrative Budget for the same period (see agenda item V.4.). Note: The employee leave liability costs included on the previous ROPS and in the current Successor Agency Administrative Budget were for a former redevelopment agency employee. The proportion of leave liability charged to the redevelopment agency was equal to the proportion of the employee's salary that was charged to the redevelopment agency.
- 9) East Side Project Advisory Committee costs were removed from the ROPS and added to the Successor Agency Administrative Budget.
- 10) Item 11 "Area Revitalization Project", on the previous ROPS, was removed.
- 11) Pass-through payments were recalculated for only the period up to January 31, 2012; see item 9 on the ROPS.

#### Other Changes

- 1) The total outstanding debt for item 6 (La Brea pre-development loan), was adjusted to reflect only the amount outstanding during the fiscal year 2011-12. The amount on the previous ROPS (\$2,750,000) was the entire loan amount, however, some of the loan was disbursed during fiscal year 2010-11.
- 2) Annual bond fee costs were added for the three bonds.
- 3) Project encumbrances from the bond covenants, items 6b, 7, and 8a, as well as employee costs associated with those projects were added.

#### FISCAL IMPACT:

\$3,768,591.55 in Reserve Balances and 2011 Series A and B Bond proceeds would be allocated to meet the obligations detailed on the ROPS, as detailed in the following table:

| <b>Funding Source</b>                   | <b>Amount</b>         | <b>ROPS Line Items Paid</b>      |
|---|-----------------------|----------------------------------|
| Reserve Balances                        | \$2,760,448.04        | 1b, 1e, 2b, 2c, 3b, 3c, 4, 6a, 9 |
| 2011 Series A Non-Housing Bond Proceeds | \$936,816.23          | 8a, 8b                           |
| 2011 Series B Housing Bond Proceeds     | \$71,327.28           | 5b, 6c                           |
| <b>Total</b>                            | <b>\$3,768,591.55</b> |                                  |

**ATTACHMENTS:**

Attachment 1: Recognized Obligation Payment Schedule for the period from January 1, 2012 through June 30, 2012.



**RESOLUTION NO. \_\_\_\_**

**A RESOLUTION OF THE OVERSIGHT BOARD FOR THE SUCCESSOR  
AGENCY TO THE WEST HOLLYWOOD COMMUNITY  
DEVELOPMENT COMMISSION ADOPTING RECOGNIZED  
OBLIGATION PAYMENT SCHEDULES PURSUANT TO HEALTH AND  
SAFETY CODE SECTION 34180**

The Oversight Board for the Successor Agency to the West Hollywood Community Development Commission ("Oversight Board") does resolve as follows:

Section 1. The Board finds and declares that:

- A. On June 29, 2011, AB 1X 26 and AB 1X 27 became effective, requiring that each redevelopment agency within California be dissolved unless the community that created it enacts an ordinance committing it to making certain payments;
- B. By its Resolution No. 11-058, adopted on August 15, 2011, the West Hollywood Community Development Commission (the "Redevelopment Agency") approved an Enforceable Obligation Payment Schedule ("EOPS");
- C. The Redevelopment Agency subsequently approved two amendments to the EOPS on September 19, 2011 and by Resolution No. 12-061 on January 17, 2012;
- D. By its Resolution No. 11-4219, adopted on September 19, 2011, the City Council of the City of West Hollywood made an election to serve as the successor agency for the Redevelopment Agency under Part 1.85 (the "Successor Agency");
- E. By its Resolution No. 12-003, adopted on February 21, 2012, the Successor Agency adopted the EOPS;
- F. By its Resolution No. 12-004, adopted on February 21, 2012, the Successor Agency adopted an Initial Recognized Obligation Schedule covering January 1, 2012 through June 30, 2012, which describes the dates and amounts of scheduled payments for each enforceable obligation of the Redevelopment Agency for the identified time period and identifies the funding source to pay each obligation;
- G. By its Resolution No. 12-006, adopted on May 7, 2012, the Successor Agency adopted a Recognized Obligation Payment Schedule for the period from July 1, 2012 through December 31, 2012;
- H. Pursuant to Health & Safety Code § 34180 and the California Supreme Court's decision in *California Redevelopment Association v. Matosantos*, 53 Cal.4th 231, the Oversight Board must approve an Initial Recognized Obligation Payment Schedule for the period from January 1, 2012 through June 30, 2012 and a Recognized Obligation Payment Schedule for the period from July 1, 2012 through December 31, 2012 and submit the Recognized Obligation Payment Schedules to the Department of Finance and State Controller;

- I. The Initial Recognized Obligation Payment Schedule must be certified by an independent external auditor;
- J. While the Initial Recognized Obligation Payment Schedule approved by the Successor Agency is still under review by the external auditor, the Oversight Board must take action to approve a Recognized Obligation Payment Schedule to comply with the deadlines established in Health & Safety Code § 34177;
- K. Each Recognized Obligation Payment Schedule must be approved by the Oversight Board and is subject to review and approval by the County Auditor-Controller, Department of Finance, and State Controller; and
- L. The Oversight Board desires to adopt this Resolution adopting an Initial Recognized Obligation Payment Schedule for the period from January 1, 2012 through June 30, 2012 and a Recognized Obligation Payment Schedule for the period from July 1, 2012 through December 31, 2012.

Section 2.     *Recognized Obligation Payment Schedule.* The Oversight Board hereby adopts the Initial Recognized Obligation Payment Schedule for the period from January 1, 2012 through June 30, 2012, attached as Exhibit A to this Resolution, and a Recognized Obligation Payment Schedule for the period from July 1, 2012 through December 31, 2012, attached as Exhibit B to this Resolution (collectively, the "ROPS").

Section 3.     *Authorization.* The officers and staff of the Oversight Board are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable to effectuate this Resolution, including providing documents associated with the ROPS to the County Auditor-Controller, State Controller, and Department of Finance. Successor Agency staff member David Wilson, or designee, is the official whom the Department of Finance may make requests for review in connection with the ROPS.

Section 4.     *Amendment.* The ROPS may be amended from time to time at any public meeting of the Oversight Board.

Section 5.     *Environmental Determination.* This Resolution is exempt from review under the California Environmental Quality Act (California Public Resources Code §§ 2100, et seq., "CEQA") and CEQA regulations (14 California Code of Regulations §§ 15000, et seq.) because it establishes rules and procedures to implement government funding mechanisms; does not involve any commitment to a specific project which could result in a potentially significant physical impact on the environment; and constitutes an organizational or administrative activity that will not result in direct or indirect physical changes in the environment. Accordingly, this Resolution does not constitute a "project" that requires environmental review (see specifically 14 CCR § 15378(b)(4-5)).

Section 6.     *Reliance on Record.* Each and every one of the findings and determinations in this Resolution are based on the competent and substantial evidence, both oral and written, contained in the entire record relating to the Oversight Board and applicable law. The findings and determinations constitute the independent findings and determinations of the Board in all respects and are fully and completely supported by substantial evidence in the record as a whole.

Section 7.     *Summaries of Information.* All summaries of information in the findings, which precede this Section, are based on the substantial evidence in the record including, without limitation, verbal and documentary evidence submitted to the Board. The absence of any particular fact from any such summary is not an indication that a particular finding is not based in part on that fact.

Section 8.     The Secretary is directed to certify the adoption of this Resolution; record this Resolution in the book of the Oversight Board's original resolutions; and make a minute of the adoption of the Resolution in the Oversight Board's records and the minutes of this meeting.

Section 9.     This Resolution will become effective immediately upon adoption and will remain effective unless repealed or superseded.

PASSED, APPROVED, AND ADOPTED this 21st day of May, 2012.

\_\_\_\_\_  
Daniel Ronnie Cohen, Chairperson

ATTEST:

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\_\_\_\_\_, Deputy Clerk  
Los Angeles County Board of Supervisors  
Acting as Secretary for the Oversight Board  
for the Successor Agency to the  
City of West Hollywood Community Development Commission

I HEREBY CERTIFY that the above and foregoing ordinance was duly passed and adopted by the Oversight Board of the Successor Agency to the West Hollywood Community Development Commission at its regular meeting held on the 21st day of May, 2012, by the following vote, to wit:

AYES;  
NOES;  
ABSENT: